



**KanCare
Section 1115 Demonstration Amendment**

PUBLIC NOTICE

June 27, 2013

The State of Kansas, Department of Health and Environment (KDHE) hereby notifies the public that it intends to seek an amendment to the KanCare Section 1115 demonstration (11-W-00283/7) from the Centers for Medicare & Medicaid Services (CMS). A copy of the proposed amendment is available at:

http://www.kancare.ks.gov/download/KanCare_1115_Amendment_Public_Comment.pdf

It is also available in person at 900 SW Jackson, Room 900, Topeka, Kansas. KDHE is providing this notice to open a formal public comment period and public consultation process pursuant to CMS requirements in the KanCare Special Terms and Conditions (STCs) and 42 C.F.R. § 431.408.

Proposed Amendment Description, Goals, and Objectives

The State will request CMS approval to implement three changes to KanCare, effective January 1, 2014: (1) provide long term supports and services (LTSS) for individuals with intellectual or developmental disabilities through KanCare managed care plans; (2) establish three pilot programs to support employment and alternatives to Medicaid; and (3) change the timeline for the Delivery System Reform Incentive Payment (DSRIP) Pool.

(1) Long Term Services and Supports for Individuals with Intellectual or Developmental Disabilities

Under the current waiver, specialized services for individuals with developmental disabilities are carved out from the Medicaid managed care organization (MCO) benefit package and are paid on a fee-for-service basis. The carved-out services are LTSS authorized through the Intellectual Disabilities/Developmental Disabilities (ID/DD) waiver (KS-0224) and State Plan Targeted Case Management (TCM), screening services, and positive behavioral supports for the ID/DD population. The current waiver also authorizes KDHE to operate a voluntary ID/DD Services pilot program in demonstration year (DY) 1 to help members, providers, and the MCOs transition to providing LTSS through KanCare.

The State will request CMS approval to no longer carve out these specialized services and to provide LTSS to individuals with intellectual or developmental disabilities through the KanCare managed care plans. Inclusion in managed care will provide a more robust set of care management resources and more complete integration of LTSS, physical, and behavioral health services. Under state law for fiscal years 2014 and 2015, enrollees may keep their targeted case managers, and they may keep current LTSS providers on their service plans even if they are not in-network for 6 months, among many other protections.

The State believes that including these services in KanCare will result in better access to services and improved quality of care for KanCare enrollees with intellectual or developmental disabilities, provide stable

reimbursement rates for providers, and incentivize MCOs to keep individuals in a less costly home environment. The draft KanCare evaluation design submitted to CMS in April incorporated measures related to LTSS for members with intellectual or developmental disabilities. For more information, please see the draft evaluation design at http://www.kancare.ks.gov/download/KanCare_Draft_Evaluation_Design.pdf.

(2) *Pilot Programs to Support Employment and Alternatives to Medicaid*

The State will also request CMS approval to implement three pilot programs designed to support Kansans who might otherwise be enrolled in Medicaid.

- **Social Security Alternative Pilot.** This pilot will provide health care coverage and employment support services for up to 200 individuals age 18 and over who meet Social Security Administration (SSA) criteria for disability, but who have not yet applied for Supplemental Security Income (SSI) or Social Security Disability (SSDI) cash benefits or Medicaid coverage. The program will offer services including: benefits planning by Benefits Specialists; funding for personal care and employment support services for individuals with a demonstrated need, capped at \$1,500 per month; “Medicaid-like coverage” until individuals obtain employer-sponsored health insurance; and assistance to obtain employment. Cost sharing will be consistent with the Kansas Medicaid Buy-In Program, *Working Healthy*. The goal of the program is to place individuals with disabilities, particularly young adults, on an employment trajectory to avoid outcomes that result from unemployment and dependence on benefits. The State will evaluate the pilot by measuring income compared to SSI/SSDI cash benefits; cost avoidance to the Social Security system; improved health and quality of life as reported by participants; and program satisfaction.
- **SSI Employment Support Pilot.** This program will promote employment for individuals with disabilities by providing personal and employment support services to those individuals who are employed. The pilot will be available to up to 400 individuals between the ages of 16 and 60 who are currently on the waiting lists for the Home and Community-Based Services (HCBS) ID/DD and the Physical Disability (PD) waivers. It will offer services including: benefits planning by Benefits Specialists; funding for personal care and employment support services, capped at \$1,500 per month; Medicaid services under KanCare or, if eligible for employer-sponsored health insurance, Medicaid wrap-around services as long as the participant remains eligible for Medicaid; and assistance to obtain employment. Because participants are SSI recipients, there will be no premium, cost-sharing or spenddown required. Participants who leave the pilot for any reason will return to the HCBS waiting list with the same request date they had prior to joining the pilot. KDHE will evaluate the SSI Employment Support Pilot by assessing whether the pilot results in lower physical and behavioral health costs; improved health and quality of life as reported by participants; increased earnings and taxes paid; decreased reliance on benefits; and program satisfaction.
- **Health Account Pilot.** This program will offer an alternative to transitional Medicaid, using a Health Account model, to determine whether this model more effectively transitions participants to private health insurance through KanCare MCOs or health benefit exchanges. The program will give to up to 500 individuals eligible for TransMed, the Kansas transitional Medicaid program, the option of purchasing health care with a pre-loaded debit card worth \$2,000 instead of enrolling in TransMed. Participants can use the debit card to purchase qualifying health services or pay health insurance premiums, co-pays, and deductibles. Participants may also purchase basic health coverage through a KanCare MCO. The account may be renewed annually for up to three years, and participants would retain the balance in their accounts even if their incomes would make them otherwise ineligible for Medicaid during the time they are participating. Individuals choosing this option would waive their right to Medicaid eligibility for one year after their participation in the pilot ends, with exceptions for certain qualifying events, including loss of employment or a change in household composition (including pregnancy). Participants who become disabled and receive SSI or SSDI or turn age 65 may

qualify for Medicaid under the Kansas Medicare Savings program. KDHE will evaluate the Health Account Pilot by assessing whether participants successfully transition to employer-based health insurance.

(3) *Changes to Timeline for Delivery system Reform Incentive Payment (DSRIP) Pool*

Under the current waiver, CMS has approved a DSRIP Pool of funds in DY 2 through DY 5 (2014-2017) for the development of a program of activity that supports participating hospitals' efforts to enhance access to health care, quality of care, and the health of the patients and families they serve. KDHE proposes delaying the implementation of the DSRIP Pool for one year, from DY 2 (2014) to DY 3 (2015), to allow the State and CMS to focus on other critical activities related to the KanCare demonstration. KDHE proposes to maintain Uncompensated Care pool payment limits in DY 2 at the level currently approved for DY 1.

Annual Enrollment and Annual Expenditures

The following table summarizes Kansas Medicaid population expenditures and enrollment for populations included in KanCare, both historically as well as the period of the demonstration. Historical years are shown as State Fiscal Years, while Demonstration years are shown as Calendar Years. LTSS for individuals with ID/DD were not included in managed care in CY 2013, but associated expenditures are included in KanCare budget neutrality and the table below.

Historical	SFY 07	SFY 08	SFY 09	SFY 10	SFY 11	Average Trend
Medicaid Enrollment (member months)	2,850,800	2,790,087	2,853,568	3,114,678	3,388,370	4.41%
Medicaid Population Expenditures	\$ 1,946,968,416	\$ 2,140,606,790	\$ 2,291,098,906	\$ 2,320,065,777	\$ 2,566,076,170	7.15%

KanCare	CY 2013*	CY 2014	CY 2015	CY 2016	CY 2017	Average Trend
Medicaid Enrollment (member months)	4,252,688	4,391,835	4,545,651	4,707,540	4,870,306	3.45%
Medicaid Population Expenditures	\$ 2,756,702,668	\$ 2,857,398,803	\$ 3,002,455,649	\$ 3,246,958,636	\$ 3,405,962,099	5.43%

* LTSS for individuals with Intellectual/Developmental Disabilities were not included in KanCare in CY 2013, but associated expenditures are included in this table.

Details of the effects of the inclusion of LTSS, as well as the pilots and change in timeline for the DSRIP pool, are included in the draft amendment at:

http://www.kancare.ks.gov/download/KanCare_1115_Amendment_Public_Comment.pdf

Hypothesis and Evaluation Parameters

The evaluation parameters for each initiative are described above. The State will test the following research hypotheses through these programs:

- Providing LTSS to individuals with intellectual or developmental disabilities through the KanCare managed care plans will result in better access to services and improved quality of care, provide stable reimbursement rates for providers, and incentivize MCOs to keep individuals in a less costly home environment.
- Alternatives to Medicaid will promote employment and self-sufficiency.

Waivers/Costs Not Otherwise Matchable

The State has not identified any additional waiver or expenditure authority necessary for the LTSS and DSRIP initiatives. However, the State will request the following additional authority for the pilot programs to support employment and alternatives to Medicaid.

Waivers

- Section 1902(a)(32) (direct payment to providers) to enable Kansas to provide a monthly funding allocation to participants in the Social Security Alternative Pilot and the SSI Employment Support Pilot, to pay for personal and employment support services.
- Section 1902(a)(10)(A) (mandatory eligibility groups) to enable Kansas to require participants in the Health Account Pilot to waive Medicaid eligibility for the 12 months following participation in the pilot. The waiver of eligibility would not apply to certain participants who become disabled and receive SSI or SSDI, or turn age 65.
- Sections 1902(a)(3) and 1902(a)(8) (reasonable promptness) to enable Kansas to not enroll participants in the Health Account Pilot in Medicaid for the 12 months following participation in the pilot.

Costs Not Otherwise Matchable

- Expenditures to provide employment assistance and Medicaid-like coverage to participants in the Social Security Alternative Pilot.
- Expenditures to provide employment assistance and Medicaid coverage and/or wrap-around coverage to participants in the SSI Employment Support Pilot.
- Expenditures to provide pre-loaded debit cards to participants in the Health Account Pilot, which can be used to purchase health services or pay health insurance premiums, co-pays, and deductibles.

Medicaid Requirements Not Applicable

- Sections 1916 and 1916A (premiums and cost sharing) to allow Kansas to charge premiums for the Social Security Alternative Pilot consistent with the *Working Healthy* program.

Comments and Public Input Process

Please submit any written comments or questions on the proposed amendment to KanCare@kdheks.gov or ATTN: Rita Haverkamp, KDHE-DHCF, 900 SW Jackson, Room 900, Topeka, 66612. Comments will be accepted for consideration until **July 29, 2013**.

KDHE will also hold two public meetings to solicit comments on the proposed amendment:

- **July 15, 2013, at 2 p.m.**
Wichita State University Metroplex, Multipurpose Room
5015 E. 29th St. N
Wichita, KS
- **July 16, 2013, at 10 a.m.**
Downtown Ramada, Madison Ball Room
420 SE 6th St.
Topeka, KS

The State will provide teleconference access for the July 16 meeting. The participant dial-in number for the event will be 866-491-3158.

Any individual with a disability may request accommodation in order to participate in either meeting. Requests for accommodation should be made at least two working days in advance of the meeting by contacting KanCare@kdheks.gov or by calling Rita Haverkamp at (785) 296-5107.